

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

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R 291455Z JUL 75

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 157

INFO USOECD PARIS

AMCONSUL ADANA

AMCONSUL ISTANBUL

AMCONSUL IZMIR

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E.O. 11652: N/A

TAGS: EGEN, EIND, TU

SUBJ: PRIME MINISTER DEMIREL'S ECONOMIC BARNSTORMING

REF: ANKARA 5520

SUMMARY. PRIME MINISTER DEMIREL HAS BEEN EXCEPTIONALLY ACTIVE ON THE ECONOMIC FRONT DURING THE PAST 10 DAYS. HE HAS MADE THREE SEPARATE TRIPS INTO THE HINTERLAND TO DEDICATE AND/OR INAGURATE MAJOR PROJECTS WITH INVESTMENTS TOTALING OVER 2.0 BILLION DOLLARS. ALTHOUGH MANY OF THE PROJECTS HAVE BEEN UNDER STUDY OR CONSTRUCTION FOR SOME TIME, DEMIREL HAS EFFECTIVELY PORTRAYED HIMSELF AS A MAN OF THE PEOPLE DEEPLY CONCERNED WITH INCREASED ECONOMIC GROWTH AND OPPORTUNITY. THUS, EVEN THOUGH MANY CRITICS MAINTAIN THAT THE TOURS ARE PRIMARILY POLITICAL, THE NEW PROJECTS HAVE GIVEN DEMIREL AND THE NATIONAL FRONT GOVERNMENT AN OPPORTUNITY TO PRESENT A POSITIVE ACTIVIST FACE; THE CREATION OF INDUSTRIAL INVESTMENTS, THEY BELIEVE, WILL STRENGTHEN TURKEY'S POLITICAL POTENTIAL IN THE WORLD. END SUMMARY.

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1. DEMIREL'S TOUR STARTED ON JULY 19-20 IN THRACE WHERE HE BROKE GROUND FOR TWO MAJOR IRRIGATION PROJECTS AT KAYALIKOY AND SULOGLU. TWO PROJECTS WILL COST AROUND \$35 MILLION AND PROVIDE IRRIGATION FOR 40,000 ACRES. DEMIREL ALSO MET ZHIVKOV, THE BULGARIAN CHIEF OF STATE, AND SIGNED AN AGREEMENT PROVIDING FOR THE ANNUAL EXCHANGE OF 50-100 MILLION KWHS OF ELECTRICITY. UNDER THE AGREEMENT BULGARIA WILL PROVIDE ELECTRICITY TO TURKEY BETWEEN JUNE AND AUGUST AND WILL RECEIVE ELECTRICITY BETWEEN MARCH AND MAY.

3. ON THURSDAY, JULY 24, DEMIREL ATTENDED A DEDICATION CEREMONY AT GOLCUK NAVAL SHIPYARDS AT IZMIT, PARTICIPATED IN GROUND-BREAKING CEREMONIES AT THE LASSA TIRE PLANT AT IZMIT AND OPENED AN ETIBANK FERTILIZER PLANT IN BANDIRMA. LASSA PROJECT INVOLVES A \$100 MILLION PLUS INVESTMENT BY THE HACI OMER SABANCI GROUP, A LEADING TURKISH PRIVATE ENTREPRENEURIAL FAMILY. PROJECT HAS RECEIVED A \$55 MILLION COMBINED LOAN/LOAN GUARANTEE FROM THE U.S. EX-IM BANK. AT GOLCUK SHIPYARDS DEMIREL PARTICIPATED IN DEDICATION CEREMONIES FOR THE DESTROYERS, KOCATEPE AND PEYK, WHICH WERE PURCHASED FROM THE U.S. BUT REFITTED AT GOLCUK. CEREMONY ALSO HERALDED THE START-UP OF CONSTRUCTION OF A NEW 1,000 DWT SUBMARINE AND A 25,000 DWT ORE CARRIER PLUS THE DEDICATION OF THE BURSA, A 25,000 DWT ORE CARRIER.

4. ON SATURDAY, JULY 26, DEMIREL AND THE THREE DEPUTY PREMIERS TRAVELED TO ADANA FOR THREE DAYS OF ACTIVITIES IN SOUTHERN AND SOUTHEASTERN TURKEY. DEMIREL AND THE IRAQI PETROLEUM MINISTER LAID THE FOUNDATION FOR THE RECENTLY BEGUN 600 MILE IRAQ-TURKEY CRUDE OIL PIPELINE. LATER IN THE DAY DEMIREL INAGURATED THE RECENTLY STARTED \$200 MILLION ASLANTAS DAM AND HYDROELECTRIC PLANT IN CEYHAN. THIS PROJECT RECEIVED A \$74 MILLION BOMINED LOAN/ CREDIT FROM THE WORLD BANK IN 1973.

5. ON JULY 27, DEMIREL WENT TO AFSIN-ELBISTAN IN EAST CENTRAL TURKEY. THE GOT IS SPENDING OVER \$1.0 BILLION THERE TO FINANCE THE DEVELOPMENT OF AN OPEN-CAST LIGNITE MINE AND THE CONSTRUCTION OF AN ADJACENT LIGNITE-BURNING 1,200 MEGAWATT POWER STATION AND ASSOCIATED TRANSMISSION LINES. WORLD BANK HAS GRANTED A CREDIT OF \$140 MILLION FOR THIS PROJECT NOW UNDER CONSTRUCTION.

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6. ON JULY 28, DEMIREL LAID THE FOUNDATION FOR THE AKDENIZ PAPER MILL AT SILIFKE, A \$100 MILLION CONTROVERSIAL PROJECT INITIALLY SLATED FOR MANAVGAT BUT LATER MOVED TO SILIFKE UNDER WORLD BANK PRESSURE AND FOR ENVIROMENTAL REASONS. WORLD BANK HAS CONTRIBUTED A LOAN OF \$40 MILLION FOR THIS PROJECT. DEMIREL ALSO INAGURATED FOUR SMALLER PROJECTS IN THE AREA: THE CUKOBIRLIK FACILITIES IN ADANA, A SYNTHETIC FIBER PLANT IN

ADANA, A SODA ASH PLANT IN MERSIN, AND THE CIMSA CEMENT PLANT IN MERSIN.

7. COMMENT. MAJOR INDUSTRIAL PROJECTS IN TURKEY ARE USUALLY INAUGURATED WITH GREAT FANFARE. OFTEN THE SAME PROJECT WILL BE INAUGURATED TWICE BY DIFFERENT PRIME MINISTERS, ONCE AT GROUND-BREAKING AND AGAIN AT SUCCESSFUL COMPLETION OF THE PROJECT. IN THIS INSTANCE, THE PRESENT GOVERNMENT SEEMS TO HAVE TAKEN ADVANTAGE OF EVERY UNINAUGURATED PROJECT OF ANY SIZE IN THE COUNTRY. THIS GIVES DEMIREL AND HIS PARTNERS EXCELLENT EXPOSURES FOR THE ECONOMIC ACTIVIST IMAGE THEY HAVE CREATED FOR THE GOVERNMENT AND SHOULD GIVE AN ADDED BOOST FOR THE OCTOBER 12 ELECTION. IN SPEECHES AT THE CEREMONIES, DEMIREL ALSO GRASPED THE OPPORTUNITY TO POINT OUT THE NEED FOR TURKEY TO BE ECONOMICALLY STRONG, SAYING THAT ECONOMICALLY WEAK COUNTRIES COULD NOT SWING MILITARY OR POLITICAL WEIGHT IN THE WORLD. DEMIREL POINTED OUT THAT DEFENSE AND DEVELOPMENT WERE CLOSELY RELATED, NEITHER COULD BE ENTRUSTED TO FOREIGNERS, BUT HAD TO BE CARRIED OUT BY TURKS THEMSELVES.

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